(f) if so, the details thereof and how NTPC is planning to go ahead?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) NTPC Ltd. proposes to set up a coal based power plant in Trincomalee area in Sri Lanka, and has signed a Memorandum of Agreement (MoA) with Government of Sri Lanka and Ceylon Electricity Board (CEB) on 29.12.2006 to set up a 2x250 MW power plant through a joint venture Company with CEB on 50:50 basis.

(c) and (d) NTPC Ltd. is also exploring the possibilities of mutual cooperation in power sector with Federal Government of Nigeria (FGN), which amongst other includes the proposal to set up Coal/Gas based power projects in Nigeria by NTPC Ltd.

(e) and (f) Subsequent to signing of MoA, a team from NTPC Ltd. visited Sri Lanka in January, 2007 and collected necessary details of alternative sites with a view to select suitable site.

**Merchant Power Plants**

2204. SHRI VIJAY J. DARDA: Will the Minister of POWER be pleased to state:

(a) how far the proposed Merchant Power Plants, where a capacity of 12,000 MW is envisaged, would be able to meet the target, especially in view of prevailing red-tapism;

(b) if so, whether the power produced by them will form part of national grid or each plant will have full distribution rights also; and

(c) if so, whether Government will exercise the price control mutually acceptable and interest of economically weaker sections will be safeguarded?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) In order to facilitate the development of electricity markets, the Ministry of Power has issued an approach paper and guidelines on development of Merchant Power Plants, for which coal linkage/coal blocks allotment would be available. Unlike conventional generating plant bound by take or pay Power Purchase Agreements, Merchant Power Plants compete for customers and absorb the full market risk. There are no guarantees or minimum off-take of their output. Typically, the risk of a Merchant Power

Plant is carried on the balance sheet of the promoter. Merchant Power Plants can be set up only with the support of the State governments where the plants are proposed to be located since the land, water and other infrastructure facilities required for the power plant need to be provided by the State Government. While this initiative is still at a nascent stage, its success, however, would, to a great extent, depend on availability of reliable data and information for plant sites and other inputs so that the developers then can take further appropriate action to set up Merchant Power Plants.

(b) It is envisaged that MPPs would sell power to bulk consumers/ distribution utilities through short term contracts. For transmission, they would need to seek open access in transmission by applying to the CTU/ STU for connectivity with the regional grid/State grid. The Merchant plants selling their power through interconnection with the regional/State grid would form part of the national grid network.

(c) Unlike traditional utilities, Merchant Power Plants compete for customers and absorb the full market risk. There are no guarantees that they have a minimum off-take of their output. Typically the risk of a Merchant Power Plant is carried on the balance sheet of the promoter. The tariff for the merchant Plants would be market determined depending upon the grid conditions and the requirements that they meet. These plants would normally not enter into long term Power Purchase Agreements (PPA). Since these plants do not carry any long term purchase obligations on the part of the buyers, they would essentially have to arrive at market determined tariffs acceptable to the buyers.

Further, the National Electricity Policy and the Tariff Policy state that consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

**Evaluation of Ultra Mega Power Projects**

†2205. SHRI MAHENDRA SAHNI: Will the Minister of POWER be pleased to state:

(a) whether Government have completed the primary study with regard to identification of ultra mega projects to be set up in future;

†Original notice of the question was received in Hindi.